

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1820 – HB 1976

March 9, 2018

SUMMARY OF ORIGINAL BILL: Authorizes any entity holding or applying for a license to sell alcoholic beverages for on-premises consumption to include in the entity's designation of its premises any contiguous area owned or controlled by the entity, for purposes of on-premises consumption. Establishes that two separate entities, both being licensed to sell alcoholic beverages for on-premises consumption, and sharing the same building or facility, may allow their designations of premises to overlap; provided, that each entity serves alcoholic beverages in a glass or cup identifying the entity selling the alcoholic beverages for on-premises consumption. Authorizes an entity licensed to sell alcoholic beverages for on-premises consumption to serve a sample of wine to a patron or customer that does not exceed one ounce.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (014484): Adds language to the bill which authorizes a for-profit business to operate a festival, up to seven days in length, during which alcoholic beverages or beer will be sold, given away, or otherwise dispensed. The Tennessee Alcoholic Beverage Commission (ABC) shall issue such licenses for a fee of \$1,000 per each day of the festival. Deletes and replaces language in the bill, thereby requiring an entity to construct a barrier around any contiguous area owned or controlled by the entity, for purposes of on-premises consumption in order to prevent the ingress and egress of customers to and from the premises.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – Net Impact – Exceeds \$9,000/ABC

Assumptions for the bill as amended:

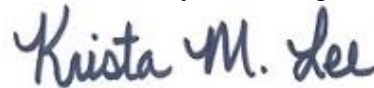
- Authorizing entities holding or applying for a license to sell alcoholic beverages for on-premises consumption to include contiguous areas owned or controlled by such entities for purposes of on-premises alcohol consumption, or authorizing licensed entities to provide a one ounce sample of wine to customers will not result in a significant impact on alcoholic beverage sales in this state.

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- Pursuant to Tenn. Code Ann. § 57-4-102(32), a special occasion license is \$100 under current law.
- Pursuant to Tenn. Code Ann. § 57-4-102(32), entities that would seek to serve alcoholic beverages to festival attendees would need to be either a bona fide charitable, nonprofit, or political organization, and obtain a special occasion license under current law.
- Based on information provided by ABC, there are approximately 100 special occasion licenses issued annually.
- Creates a new festival operator license, authorizing a for-profit business which obtains such license to sell alcoholic beverages to festival attendees.
- A license fee of \$1,000 per day of any festival.
- It is assumed that this legislation will result in 10 special occasion licenses, which would be issued under current law, will no longer being issued each year under the provisions of this legislation.
- The recurring decrease in state revenue to the ABC applicable to current licensure is estimated to be \$1,000 (10 special occasion licenses x \$100).
- It is unknown how many festivals this new license will apply, but it is reasonably estimated that there will be at least 10 festival days for which the new festival permit will be issued.
- The recurring increase in state revenue to the ABC applicable to new licensees is estimated to exceed \$10,000 (10 minimum festival operator days x \$1,000).
- The net recurring increase in state revenue to ABC is estimated to exceed \$9,000 (\$10,000 - \$1,000).
- Any impact on state and local tax revenue will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb